



**CALIFORNIA STATE  
PUBLIC WORKS BOARD**

**ARNOLD SCHWARZENEGGER, GOVERNOR**

**915 L STREET ■ NINTH FLOOR ■ SACRAMENTO CA ■ 95814-3706 ■ (916) 445-9694**

STATE PUBLIC WORKS BOARD  
March 15, 2010

**MINUTES**

**PRESENT:**

Ms. Cynthia Bryant, Chief Deputy Director, Department of Finance  
Mr. Scott Harvey, Chief Deputy Director, Department of General Services  
Mr. Martin Tuttle, Deputy Director, Department of Transportation  
Mr. John Hiber, Chief Operating Officer, State Controller  
Mr. Francisco Lujano, Deputy Treasurer, State Treasurer's Office

**STAFF PRESENT:**

Greg Rogers, Administrative Secretary  
Theresa Gunn, Assistant Administrative Secretary  
Brian Dewey, Assistant Administrative Secretary  
Chris Lief, Assistant Administrative Secretary  
Stephen Benson, Budget Analyst  
Natalie Daniel, Budget Analyst  
Madelynn McClain, Budget Analyst  
Carlos Ochoa, Budget Analyst  
Deborah Cregger, Staff Counsel  
Aurelia Bethea, Executive Secretary

**CALL TO ORDER AND ROLL CALL:**

Ms. Cynthia Bryant, Chairperson of the SPWB and Chief Deputy Director of the Department of Finance, called the meeting to order at 10:00 a.m. Mr. Greg Rogers, Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the Minutes from February 16, 2010.

**A motion was made by Mr. Harvey and Second by Mr. Lujano to approve and adopt the minutes from the February 16, 2010 meeting. The minutes were approved by a 5-0 vote.**

## **BOND ITEMS:**

Mr. Rogers reported there was one bond item for consideration this month. Bond Item #1 was to authorize the State Public Works Board (Board) 2010 Series A Bonds to fund various capital outlay projects and is the first of two scheduled spring bond sales. Upon approval by the Board, the bonds would be priced the week of March 30th, and close a week later. The total bond issuance was estimated to be \$303.5 million and the proceeds would fund 10 separately budgeted projects at 23 locations throughout the state for three departments. The following projects were included in the 2010 Series A sale:

1. Judicial Council — Susanville Courthouse (estimated project cost: \$38.9m)
2. Department of Forestry and Fire Protection —
  - a. Altaville Forest Fire Station – Replace Facility (estimated project cost: \$5.5m)
  - b. Bautista Conservation Camp – Replace Modular Buildings (estimated project cost: \$8.8m)
  - c. Cuyamaca Forest Fire Station – Relocate Facility (estimated project cost: \$4.9m)
  - d. Mendocino Ranger Unit Headquarters – Replace Automotive Shop (estimated project cost: \$4.0m)
  - e. North Region Forest Fire Stations Facilities – located at 8 separate sites (estimated project cost: \$18.4m)
  - f. Statewide: Construct Forest Fire Stations – Replace Facilities – located at 6 separate sites (estimated project cost: \$38.8m)
  - g. Warner Springs Forest Fire Station – Replace Facility (estimated project cost: \$5.2m)
3. Department of Corrections and Rehabilitation—
  - a. Intermediate Care Facility – California Medical Facility, Vacaville (estimated project cost: \$53.7m)
  - b. Acute/Intermediate Care Facility - California Institution for Women, Chino (estimated project cost: \$58.5m)

Mr. Rogers informed the Board that approval and adoption of the Resolution for Bond Item #1 would authorize the issuance and sale of the State Public Works Board 2010 Series A bonds for the projects and would authorize the State Treasurer to sell the bonds as a single series of tax-exempt bonds or in two subseries that may include tax-exempt and federally taxable Build America Bonds. The Resolution would also approve the form of and authorize the execution of: the ninety-eighth Supplemental Indenture to the Board's Master Indenture, Site Leases and Facility Leases for each department, and a Continuing Disclosure Agreement; further, it would authorize the delivery of a Preliminary Official Statement and an Official Statement, as well as other related actions in connection with the issuance, sale, and delivery of said revenue bonds. The estimated PAR value of the 2010 Series A bonds was \$303.4 million, with a not to exceed PAR of \$375 million and a not to exceed TIC of 8.50%.

Given the lack of availability of interim financing, we have been faced with having to issue bonds earlier in a projects development in order to allow projects to move forward. A new construction risk section has been included in the Preliminary Official Statement to address the fact that the projects are not yet in construction. While staff worked with departments to ensure our project estimates were as accurate as could be, the forms of Facility Lease and Supplemental Indenture contained some new features to afford flexibility should one or more projects have

unanticipated cost overruns or cost savings. These features included a streamlined methodology to reduce or increase base rental for a project should there be a cost reduction due to project savings or cost overruns and a methodology to add one or more new projects to be financed with the Bonds should there be a significant enough cost reduction to a project or projects.

Mr. Rogers also noted that Mr. Robert Whalen, the bond counsel representing the Board on this sale, was available to respond to any questions the Board may have had on any of the new features or any other questions members may have had.

Staff recommended adoption of the Resolution and approval of Bond Item #1.

Mr. Harvey asked what sort of impact pre-selling the bonds would have on the cost of the project. Mr. Rogers replied that the financing cost of the project goes up a little because we are capitalizing on all the interest. We will be paying an interest on a long term interest rate as opposed to before we were paying a lower interest rate to finance that part of the project. Debt Services Payments cannot be made until we gain use and occupancy of the facility and a lot of these projects take 18 months to 2 years to construct. That cost is being financed through the bond proceeds at a higher rate than if we used interim financing through the PMIB. Mr. Harvey then asked how are the projects prioritized for funding. Mr. Rogers stated that the projects are prioritized by those that are further along in the design phase or in construction.

**There were no further questions or comments from the Board or the public.**

**A motion was made by Mr. Tuttle and Second by Mr. Harvey to approve and adopt the Resolution for Bond Item 1. Bond Item # 1 was approved by a 5-0 vote.**

### **CONSENT ITEMS:**

Mr. Rogers reported the Consent Calendar consisted of Items #1 through #12. In summary these items proposed:

- 2 request to acceptance of real property through a transfer of title [Items 1 and 2]
- 1 request to authorize site selection [Item 3]
- 3 request to establish scope, cost, and schedule [Items 4, 5, and 6]
- 2 request to authorize acquisition [Items 7 and 8]
- 4 request to approve preliminary plans [Items 9, 10, 11, and 12]

There is one legislative notification letter associated with the Judicial Councils request to establish cost, scope, and schedule for Consent Items 4, 5, and 6. The review period has expired without comment.

Staff recommended approval of the Consent Calendar consisting of Consent Items 1 through 12.

In summary: Staff recommended approval of the Consent Calendar consisting of Consent Items #1 through #12

There were no comments or questions from the Board or the public.

**A motion was made by Mr. Tuttle and Second by Mr. Harvey to approve Consent Items #1 through #12. The Consent Items were approved by a 3-0 vote.**

**ACTION ITEMS:**

Ms. Bryant stated there were no Action Items on this month's calendar

**OTHER BUSINESS:**

Ms. Bryant stated there was no Other Business on this month's calendar.

**REPORTABLES:**

There are 6 items that were approved by staff under the authority delegated by the Board. These items are contained within your briefing materials.

**NEXT MEETING:**

The next meeting Public Works Board meeting is scheduled for April 12, 2010, at 10:00 am, at the State Capitol, in Room 113. We also have a special meeting scheduled for April 5th, at 10:00 am in Room 112 of the State Capitol to authorize the second and final spring bond sale. There were no comments or questions from the public.

The meeting was concluded at 10:15am.